
ASSESSMENT OF INNOVATIVE CAPACITY IN HOTELS: THE CASE OF THREE-STAR HOTELS IN ELMINA, GHANA

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ABSTRACT

The Ghana Tourism Authority rated Elmina Beach Resort and Coconut Grove Hotels as Three-Star hotels. The focus of this study was to determine whether these hotels merited the rating as regards the innovative capabilities of its managers. Four innovation types: product, process, marketing and organization were measured. Questionnaire was employed to elicit this information. The census approach was employed involving all the seventeen departmental heads in both hotels. Data was analysed using descriptive statistics, specifically, the mean of the innovation types were on scale of 1-5. The hoteliers demonstrated low or high innovation capacity if the scale was 1-2.9 and 3-5 respectively. Results show that the managers of these hotels are highly innovative with process and organisation as the highest and least practiced innovation types respectively. It is therefore suggestive that these hoteliers strive to sell current hotel experience to clients. It is recommended that the hoteliers must continually seek to offer personalized, friendly and sociable services, which will make their guests enjoy patronizing their facilities.

Keywords: *Innovation, Hotel Firms*

Introduction

The tourism industry is increasingly recognised as the fastest growing industry responsible for the growth of the world's economy. The United Nations World Tourism Organisation (UNWTO) revealed that global tourism receipts hit a record by earning US \$1075 billion in 2012. Undoubtedly, tourism has significant influence on the economic growth of countries.

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Tourism contributes about 9% of the global Gross Domestic Product [GDP] and creates 8.7% of the world's total employment (MIR, 2014). The World Travel and Tour Council in its annual update for 2015 intimated that Africa's Travel and Tourism sector witnessed a growth, in spite of the negative consequences of the Ebola outbreak and the terror attacks in Kenya and Nigeria. The total contribution of tourism to GDP was USD170 billion (8.4% of GDP) and this also created 19,348,000 jobs (6.9% of total employment) in 2013. In Ghana, the tourism industry is generally recognised as a reflection of the country's cultural heritage and has in recent times identified as a major conduit for economic growth. The tourism sector is a rapidly growing industry in Ghana and according to the World Travel and Tour Council, it accounted for 6.7% of GDP and 5.5% of total employment in 2014. Besides, tourism is the fourth-largest foreign-exchange earner in Ghana after gold and cocoa and foreign remittance (Mensah-Ansah, 2014). In modern times, the tourism industry across the world has witnessed an unprecedented growth which has resulted in tremendous surge in accommodation facilities. It is vital that accommodation facilities are available to people from different economic backgrounds. Luxury hotels can cater for the demands of wealthy customers, low range hotels and lodging houses are available for occupancy by middle income earners. Hotels have always been a fundamental aspect of popularizing any tourist destination. The primary business purpose of hotels is to provide visitors with shelter, food, refreshment and entertainment facilities at a commercial fee. The hotel industry is evolving into a much scientific practice because of the combined impact of shifting demographics and new technologies. A notable trend is the fastest growing customer segment called millennial. The millennial customers are willing to pay more for unique and novel experiences, and if their expectations are not met, they will quickly turn to social media to vent their complaints (Rauch, 2014). Also, the hotel industry is undergoing rapid technology-driven transformation that allows hoteliers to have a more convenient, informed and valuable relationship with their customers. According to Mensah-Ansah (2014), many tourism accommodation businesses in Ghana can generally be classified as small firms. Since 2002 onwards, accommodation providers, (including hotels) accounted for 32% of the total revenue obtained from the tourism sector (Ghana Tourism Authority, 2010). A study by Renaissance Capital (2011) indicated that Ghana's hotels and restaurants sector expanded by 11.3% in 2010, attributable to business arrivals in Accra. Renowned international hotel brands present in Ghana include the Holiday Inn, Novotel, Golden Tulip, Best Western and Radisson Blu, amongst others. The Marriot and Hilton chains have announced their intention to enter into the Ghanaian hotel industry. The Central Region is the tourism hub of Ghana. The region is famously noted for its palm-fringed beaches and rich natural attractions. The region can boost of hotels rated by

the Ghana Tourist Board as three-star hotels. The notable three-star hotels are Elmina Beach Resort and Coconut Grove hotels. Both are located in Elmina, an adjoining suburb to Cape Coast. The facilities in these hotels can be arguably compared to international standards. The Tourism and Hospitality Review (2012) intimated that the hotel industry in Africa is plagued by high investment and operating costs, shortage of skilled employees, poor service levels, excessive room rates, increasing competition, and inadequate physical support infrastructure. It can be concluded that the above challenges would have adverse consequence for the business performance of companies providing accommodation facilities. The indispensability importance of innovation pervades all sectors of the economy and all types of industry including the hotel sector. However, Hjalager (2010) submits that research in tourism innovations is a young phenomenon and suggests more research is needed to close the gap as well as consolidate the theoretical underpinnings of tourism innovation. In fact, Finkle (2012) concluded that innovative practices have become the prerequisites for business organisations to compete effectively in the global market of the 21st century. Hence, this study seeks to determine the innovative capacity of the three-star hotels in the Central Region of Ghana. The remainder of the paper is organised as follows. The hotel industry in Ghana is discussed as well review of innovations in the hotel industry. Next, the methodology and reliability test of the constructs. The findings are presented. The paper concludes with the discussion of the findings, conclusion and recommendations.

Literature Review

The Hotel Industry in Ghana

The hotel industry in Ghana is one of the fastest growing sectors of the service industry. Due to the increase arrivals in visitors to Ghana, there has been a rampant increase in hotels in the country. Kelly (2015) indicated that over 1,838 established hotels of various ratings have registered with the Ghana Tourism Authority. The recent exploitation of oil by Ghana has seen new emerging hotels especially in Sekondi-Takoradi region. Ghana has several accommodation establishments ranging from five star hotels to home-stays. Accommodation of international standards can be found at the popular beach destinations such as Ada Foah, Gomoa Fetteh, Cape Coast, Elmina, Busua and Axim. Internationally acclaimed hotel brands such as Movenpick, Holiday Inn, Novotel, Golden Tulip, Best Western and Radisson Blu amongst others are operational in Ghana. A recent study by the Ghana Hotels Association has revealed that the services offered by the hotels in do not meet international standards. The hotels are deficient in the following areas; poorly groomed

employees, lack of trained chefs, lack of courtesy towards customers, poor food hygiene, and food varieties, inadequate hotel infrastructure and safety measures. Also, Holmes (2012) in an earlier study asserted the vast majority of hotels and restaurants in Ghana are unable to provide reliable quality service that the industry demands and recommended the establishment of technically oriented vocational institutions to train persons in the tourism industry to acquire or upgrade their vocational and technical skills. Currently, owners of hotels conduct in-house training, which is noticeably not effective by the proof of the prevailing standards. The choice of hiring expatriates from abroad is very costly, legally cumbersome and unsustainable. At present, few private training schools in the hospitality industry are burgeoning, notably is the African Institute of Hospitality (AIH). Ghana Hotels Association in its study concluded that the poor service rendered by the hotels has created to low room occupancy in some hotels particularly the lower grade ones. Budget hotels within the cities have occupancy of about 40 to 45% whilst their counterparts in the districts are recording 20% occupancy. This association describes this phenomenon as far below international standard and does not make the hotel business feasible. The positive contributions of hotels to the local economies in Ghana are established. The Ghana Statistical Service reported that hotels and restaurants sectors contributed 4.6 % and 1,278 million cedis to the gross domestic product (GDP) of Ghana in 2014. The service sector recorded the most significant contributor to Ghana's GDP in 2014 with 51.7 % and 16, 482 million cedis. The hotel industry is of central importance to the development of travel and tourism in Ghana since it caters to the accommodation needs of tourists who visit Ghana.

Hotel Ratings in Ghana

Hotels are rated to determine the quality of services they offer. The essence of hotel rating is to inform potential clients on the basic facilities and experiences they should expect from hotels. However, different organisations around the world use varied classification schemes to rate hotels and this creates confusion in the minds of travelers. Pieppet (2013) argued that classification of tourism accommodation is very difficult due to the large diversity of tourism accommodation types. Besides, this large diversity is embedded in highly different cultural and economic circumstances. This divergent rating scheme has propelled the establishment of the World Hotel Rating (WHR) to promote a common international standard for rating hotels regardless of country. The rating is also to improve international transparency of hotel offerings which travelers from all over of the world would understand. Ghana Tourism Authority has adopted the international star rating system called the AA to rate hotels in Ghana. The AA is a widely recognised and trusted United

Kingdom brands. The AA has collaborated with VisitEngland, VisitScotland and VisitWales to develop common quality standards for rating hotels and guest accommodations (Ashitey, 2008). The AA rates hotels from one to five stars based on the following criteria:

One star: Facilities and services are informal, but competent services rendered. Most of the rooms have ensuite bath or shower rooms and a designated eating area.

Two star: All rooms are provided bath or shower facilities and a designated eating area.

Three star: Every staff is professionally dressed, all rooms have ensuite facilities and the restaurant is open to both residents and non-residents.

Four star: Every staff is professionally dressed in uniforms and attends to every need of the customer. Restaurant is open to both residents and non-residents and lunch is served in a designated eating area.

Five star: Luxurious accommodation, a range of extra services and multi-lingual services available. High quality wine and menu list in restaurant.

The number of star rated hotels is on the rise in Ghana. Currently, Ghana can boast of the following number of star rated hotels: 146 one star hotels, 173 two star hotels, 89 three star hotels, 15 four star hotels and 7 five star hotels (BusinessGhana.com, 2015).

Innovations in the Hotel Industry

Innovation is generally agreed by researchers as the process of translating an idea or invention into goods or service that create value. Schumpeter (1934) was one of the earliest researchers who propounded the theory of innovation and defined innovation as a novel way of doing things or better/unique combinations of production factors. The essence of innovation is to serve customers better. However, it is hard to innovate in hotel industry with traditional methods. In fact, Gyurácz-Németh, Raffay and Kovács (2010) argued that innovation is not overly championed in the hotel industry due to the conservative and capital intensive nature of its structure. The hotel industry is inundated by similar offerings that are substitutable and as such hotel managers have an arduous task to differentiate their hotels from other competitors. Karmarkar (2004) recommended that managers of hotels must proactively seek to meet the rapid changing needs of customers with an intense drive to be innovative. Travelers' loyalty to particular hotels is waning and

would opt for hotels that offer value in line with their budgetary constraints (Olsen and Connolly, 2000). Therefore, it is imperative for hotel managers to understand and determine which services are preferred by hotel guests, and afterwards prioritize those preferences to guarantee the greatest satisfaction of clients. This study adapted the four categories of measuring innovation developed by the Organisation for Economic Co-operation and Development (OECD) to determine the innovation capacity of the three star hotels. These innovation categories are product innovation, process innovation, market innovation and organisation innovation. The ensuing paragraphs discuss each of these innovation types in detail.

Product Innovation in Hotels

Product innovation is the act of bringing something novel to the marketplace that advances the range and quality of products on offer. Product innovation is a critical enabler in gaining competitive advantage in business. Lenfle and Midler (2003) described product innovation as the upgrading of a product or service, which is significant for firms. Also, product innovations focus on using new knowledge or technologies, or combinations of existing knowledge or technologies to improve the features of exiting products (Oslo Manual, 2005). Mostly, hotels through their restaurants, offer tangible products like good menu and ambiance. In recent time, some hotels sell the comfy hotel experience to guests in the form of products. For example, hotel products such as bathrobes, bath products, bedding and mattresses, and in-room coffee makers are sold. Other products offered for sale are music compilations and the in-room CD/MP3 player/alarm clock. These products can be purchased online or hotel guests can purchase these items by adding the cost to their hotel bill (Brandenberg, 2015).

Process Innovation in Hotels

Process innovation entails an improvement in the product or service production process which might not have any significant impact on the final product, but its benefits involve increasing productivity and reducing costs. Holijevac (1998) described the work process of a hotel as two processes; production activities and service activities. Production activities entail hotels activities which have product characteristics like food and beverages while, providing guests with accommodation, serving of food, entertainment and laundry assistance are regarded as service activities. Holijevac concluded that the process activities are linked into a chain. It begins with defining the needs of the guest and ensuring that these needs are met during their stay at the hotel. The hotel industry is witnessing rapid evolutions due to the emergence of

two disciplines; service science and information technology. The application of service science has enabled hotels to offer accessorial services such as recreational and fitness facilities, conference rooms and beauty salons to both business and leisure guests. Service Science is based on fundamental science, theories, models and applications to promote innovation, competition, and quality of life through services (Bitner, Brown, Goul & Urban, 2006). With the aid of technology, many hotels can input guest preference into their databases so that their visitors can have personalized experiences upon their next hotel stay. Also, hoteliers use fast mobile computing devices to take care of the needs of clients in real time rather than the old method of using a fixed desktop computer. In fact, Gunday, Ulusoy, Kilic and Alpkan (2011) remarked that process innovations are linked to technological developments. Hence, the role of information and communication technology is a prevalent phenomenon in the process innovation of hotels which is regarded a critical investment in today's tourism system. In the mainly customer-driven hotel industry, the use of technology to speed operations and gather detailed customer information is imperative.

Marketing innovation in hotels

The travel and tourism space remains extremely competitive, it's important for hoteliers to establish and maintain a competitive advantage in their marketing efforts. Martin (2015) suggested that hoteliers need to use an integrated marketing approach which demands both online and offline marketing strategies. All branding activities of the hotel must be cohesive. The branding on both online and offline platforms should be consistent so that the hotel can be easily recognised by customer. Generally, the essence of marketing in hotels is to put the image of the hotel at the forefront of the minds of people; before, after and during their stay at a hotel. Hoteliers must use social media platforms such as facebook, twitter, instagram, Utube and other avenues to interact with people. Scaglione, Schegg and Murphy (2009) concluded that the role of new technologies in managing hotels is crucial in propelling hotels to reach a high level of excellence and revenue. According to Nicolau and Santa-Maria (2013), hotel managers must utilize customer relationship management as a marketing tool to build lasting relationship with clients in order to provide preferred customer experiences and maximize the income per customer.

Organisation innovation in hotels

Organizational innovation is the implementation of new methods in undertaking organisational activities. Gunday, Ulusoy, Kilic and Alpkan (2011)

define organisational innovation as the introduction of new organizational methods within the firm to improve its operational efficiency.

The overall gain of organisational innovation is to augment a firm's performance by plummeting costs of production as well as improving workplace satisfaction (Oslo Manual, 2005). Hotels are part of the service industry which is people oriented and produces "intangible products". Hence, employees' attitude at work must revolve around an innovation inclination. This is imperative because the demands of hotel patrons are changing and therefore leadership for innovation is urgent in the hotel sector. Researchers commonly agree that transformational leadership style has a significant positive impact on organisation performance (Sarro, Cooper & Santora, 2008).

As Hartel, Schmidt and Keyes (2003) suggest that talented employees are very committed and more competent at producing imaginative ideas to improve assigned task and so managers must bear the responsibility of identifying talent within their organisation.

Methodology

Study Area and Population

The study was conducted in Elmina, the capital town of the Komenda/Edina/Eguafo/Abirem Metropolis in the Central Region of Ghana. Elmina Beach Resort is owned and managed by Golden Beach Hotels Ltd. While, Coconut Grove Beach Resort is operated by a company called Groupe Nduom. The respondents were the Head of departments in these hotels. There were nine and eight Heads of departments in Elmina Beach Resort and Coconut Grove Hotel respectively (Appendix). Therefore, the census approach of seventeen respondents was involved.

Research Instrument, Data collection and Data Analysis

Questionnaire was used to collect data. This study adapted the four categories of measuring innovation developed by the Organisation for Economic Co-operation and Development (OECD) namely, product, process, marketing and organisation innovation. The items on the questionnaire were developed from the review of extant literature on innovation in the hotel industry and were measured on a five-point Likert scale of agreement and disagreement. The response rate was 100% because all the seventeen heads of departments participated in answering the questionnaires. Descriptive statistics was employed to analyze data on the Statistical Product and Service

Solutions (SPSS 20 version). Specifically, the mean of the innovation types were measured on scale of 1-5. The hoteliers demonstrated low or high innovation capacity if the scale was 1-2.9 and 3-5 respectively.

Reliability test

The Cronbach's coefficient alpha (α) was used to determine the reliability coefficient of the four innovation types. The reliability results are depicted in Table 1.

Table 1: Cronbach's Alpha Coefficients

Innovation Capacity Constructs	Number of items	Cronbach's Alpha
Product innovation	8	.713
Process innovation	8	.717
Marketing innovation	5	.868
Organisational innovation	6	.731

Source: Field data, 2015.

Table 1 reveals that all the innovation types recorded a Cronbach's alpha greater than 0.7. This suggests that all the constructs were reliable, therefore could be used in this study according to Fraenkel and Wallen (2000).

Findings

Demographic characteristics of Heads of Department

The departmental heads were 58.8% (10) female and 41.2% (14) male. The majority of the heads 70.7% (12) were at least 35 years old. As regards education, 35.3% (6) had Bachelor Degree, 17.6% (3) attended commercial/vocational/technical school. 17.6% (3) obtained post secondary diploma and 11.8% (2) completed senior high school. Regarding years of work with the hotel, 53% (9) had worked at most 5 years and 47% (8) between 6 to 10 years. A large number of the heads 64.7% (11) had no prior hotel work experience.

Determining the Innovative Capacity of Elmina Beach Resort and Coconut Grove Hotels

This section discusses how the various heads of departments evaluate the innovative capacity of their respective hotels as regards the four constructs

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(product, process, marketing and organisation). A mean scale of 1-5 was used. With 1-2.9 and 3-5 indicating low and high innovation capacity respectively. Table 2 contains the mean and standard deviation statistics of the innovation types.

Table 2: Descriptive statistics of the innovative capacity constructs

Innovation Capacity	Mean	Standard deviation
Product innovation	4.89	.39
Process innovation	4.93	.35
Marketing innovation	4.83	.34
Organisational innovation	4.73	.48
Total	4.85	0.39

Product innovation

The findings suggest that departmental heads recognised that their hotels practice high product innovativeness ($\bar{X} = 4.89$; Table 2). For example, the majority of the heads ($\bar{X} = 4.88$; 88.2%) strongly agreed their hotels frequently introduce novel goods and services; 94.1% of the heads confirmed additional pillows and blanket are provided on demand and have heating facilities in the bathrooms. However, 11.8% remarked that the fitness center is not adequately resourced. These outcomes imply that the managers of both hotels have high product innovation inclination and strive to upgrade the products on offer by embracing current knowledge in satisfying the ever-changing needs of hotel clients.

Process innovation

Responses from the study revealed that the hotels engage in significantly high process innovation with a mean score of 4.93 (Table 2). All the heads strongly agreed that the eight-item facilities used to measure the process innovation are available and effectively functional. Specifically, the hotels run a 24 hour operation with restaurant services, available internet and secretarial services. Laundry and dry cleaning services as well as car rental services are offered. However, the forex bureau operated by these hotels cannot exchange huge sums of foreign currency.

Marketing innovation

The hoteliers demonstrate high practice of marketing innovation ($\bar{X} =$

4.83; Table 2). The heads admit the hotels use traditional advertising streams such as television, radio, newspaper and billboards. Both Elmina Beach Resort and Coconut Grove hotels host events during festive seasons and also utilize social networking, blogs and websites to promote their businesses.

Organisation innovation

With respect to the hotels' organisation innovation, the mean score was 4.73, indicating very high practice. This implies managers of these hotels continually introduce new methods to improve its operation. Employees are given a somewhat leeway to be creative in their work as their opinions are also considered. In fact, 97% to 98% of the heads agreed these hotels promote teamwork among employees and they also reward employees with outstanding performance.

Conclusion

The results in Table 2 justify that the management of Elmina Beach Resort and Coconut Grove Hotels are highly innovative in operating the hotels. These three-star hotels score very high overall innovative capacity with a score of 4.85 on a 5-point scale. Of the four constructs, the hotels recorded the highest score on process innovation, followed by product innovation and marketing innovation. The lowest practiced innovation type was organisation innovation. This outcome would suggest that these hotels strive to sell excellent hotel experience to clients in the form of products such as good meals and drinks. Modern hotel facilities like bathrobes, bath products, bedding and mattresses, and in-room coffee makers are available to guests. The very high score on marketing innovation indicates that the hotels engage in aggressive online and offline marketing strategies to put the image of the hotels first in minds of people; before, after and during their stay at the hotels. This claim is true because both Elmina Beach Resort and Coconut Grove Hotels have captivating websites and very active on social media platforms such as facebook, twitter, instagram, youtube and other avenues to interact with people. Again, it is obvious from the results that the managers of these hotels engage in process and organisation innovations to introduce new strategies and methods to improve overall operational efficiency.

Recommendations

The managers of Elmina Beach Resort and Coconut Grove Hotels must avoid the mistake of focusing too much on the interior design to the neglect of providing quality service to their guests. The emphasis must be on offering

personalized, friendly and sociable services, which would make their guests enjoy their stay in the facilities. Engaged customers have a higher level of trust and commitment to the hotel, which strengthens their loyalty. These hoteliers must utilize current technology and social media to deliver a more customized experience. For example, clients must decide their preferred method of communication (text, e-mail and social media) and what types of communications are sent to them. Again, options must be provided on client check-in process such as choosing the size of room, type of bed, in-room technology as well as their pricing model. More families are travelling together and therefore, tailored amenities, programs and facilities for children must be available. Teen lounges and teen concierges would afford children the pleasure they desire. As regards marketing innovation, both hotels must increase their online presence with exciting entries and informative blog to capture and retain interest in both repeat customers and potential clients. Additionally, these hotels can partner other businesses targeting the same consumers for a shared-marketing campaign, share the advertising cost for festivals and other big events as well as house out-of-town performers in exchange for prominent billing in print and television adverts. To foster organisational innovation, hoteliers must encourage communication, a positive attitude, and a low-stress work environment. Positive reinforcement tools like rewards, bonuses, prizes and special privileges would enhance the innovative ability of hotel staff.

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APPENDICES

Heads of Department at Elmina Beach Resort

Department	Frequency	Percentage
Housekeeping	1	5.9
Front Office	1	5.9
Food and Beverage/Conference	1	5.9
Purchasing/Stores	1	5.9
Maintenance/Engineering	1	5.9
Transport	1	5.9
Sales and Marketing	1	5.9
HR Manager	1	5.9
Financial Administration	1	5.9
Total	9	52.9

Heads of Department at Coconut Groove hotel

Department	Frequency	Percentage
Housekeeping	1	5.9
Front Office	1	5.9
Food and Beverage/Conference	1	5.9
Purchasing/Stores	1	5.9
Grounds and Golf	1	5.9
Sales and Marketing	1	5.9
HR Manager	1	5.9
Financial Administration	1	5.9
Total	8	47.1

Product Innovation

Items	Mean
Provision of dressing mirror and place to put luggage/suitcase	4.94
Provision of additional pillow and blanket on demand	4.94
Frequent introduction of new goods and services	4.88
Conference centre availability	4.88

Improves on existing products	4.88
Swimming pool availability	4.82
Heating facility in the bathroom	4.82
Fitness center availability	4.82
Overall mean	4.89

Process Innovation

Items	Mean
This hotel opens 24 hours	5
This hotel provides telephone services	5
This hotel provides internet services	4.94
This hotel operates a restaurant	5
This hotel provides secretarial services	4.70
This hotel provides laundry and dry cleaning services	5
This hotel provides car rental services	4.94
This hotel has a forex bureau	4.82
Overall mean	4.93

Marketing Innovation

Items	Mean
This hotel constantly adapt its products to meet the needs of customers	4.82
This hotel addresses the needs of customers with prompt attention	4.88
This hotel always abreast itself with new innovations in the hotel sector	4.82
This hotel engages in aggressive advertising	4.94
This hotel frequently redesigns promotional messages to attract customers	4.71
Overall mean	4.83

Organizational Innovation

Items	Mean
This hotel constantly introduces new methods to improve its operation.	4.71
Employees are given somewhat leeway to be creative in their work	4.88
Employee opinions are considered	4.94

This hotel promotes teamwork among employees	4.59
This hotel rewards employees with outstanding performance	4.41
This hotel provides all the requisite resources employees need to work effectively.	4.82
Overall mean	4.73